



Child Support in Vermont

A Handbook for Employers

 **VERMONT**
DEPARTMENT FOR CHILDREN AND FAMILIES
OFFICE OF CHILD SUPPORT



Dear Employer:

On behalf of the children we serve, thank you! Vermont employers play a vital role in child support collections. Payroll withholding accounts for two out of every three child support dollars collected from non-custodial parents. These funds not only improve the lives of children who receive child support, they also reduce the burden on taxpayers.

With your ongoing assistance, we can continue our mission of improving the financial security of children in Vermont. Again, on behalf of the children who rely on child support, we say thank you.

A handwritten signature in black ink, appearing to read "Jeffrey Cohen". The signature is stylized with loops and is positioned above the printed name.

Jeffrey Cohen, Director
Vermont Office of Child Support

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**A helpful reference guide is attached
to the back cover for your convenience.**

Vermont Office of Child Support

The Vermont Office of Child Support (OCS) is the state agency responsible for establishing, collecting upon, enforcing, and modifying child support and medical support orders for children who do not live with both parents.

OCS represents the State of Vermont—not either parent—in all child support and medical support matters. We strive to remain neutral by offering unbiased services and information to parents and the Family Division of Superior Court, in pursuit of the best interests of children under Vermont law. We work to ensure children receive the full amount of child support and private health insurance coverage to which they are entitled.

About this Handbook

By working cooperatively to withhold and remit child support payments and enroll children in health plans, Vermont employers are an invaluable resource in our efforts to secure financial and medical resources for children.

We developed this handbook to help you fulfill your responsibilities under state and federal laws. Whether you own a small business or serve as the payroll manager for a large firm, it will make your role easier.

How to Reach Us

The OCS Help Line: 1-800-786-3214

A Customer Service Representative can help you during regular business hours (7:45 am to 4:15 pm, Monday through Friday).

Fax: (802) 769-8382

TTY Access: 1-800-253-0191

Email: OCSCSU@state.vt.us

Website: www.dcf.vt.gov/ocs

Mailing Address:

Vermont Office of Child Support, Customer Service Unit,
103 South Main Street, Waterbury, VT 05671-1901

Visit our Interactive Website

Go to www.dcf.vt.gov/ocs to find out how easy it is to use this paperless communications tool to:

- Receive and respond to our notices electronically;
- Track withholding summaries for your active employees;
- Fill out National Medical Support Notices online;
- Report health insurance coverage information, including plans, individual employee coverage, and lapses in coverage;
- Access wage withholding, income verification, and health care coverage notices;
- Email our Customer Service Unit;
- Report new hires and terminations;
- Access payment coupons, including samples and blanks;
- Access Electronic Funds Transfer information; and
- Update your contact information.

Register on our Website

Go to www.dcf.vt.gov/ocs and click on “Employer Registration” on the right. Your Federal Employer Identification Number (FEIN) is your User ID. A password will be mailed to you within 5 to 7 business days.

Once registered, you can sign up to receive notices electronically by clicking on “Sign up to receive child support notices online”. Once you have chosen this option, you will receive an email from us whenever a notice has been requested for one of your employees. You can view and respond to notices electronically from the website. Your responses will automatically be entered into our mainframe system on your employee’s case.

If you have questions or concerns about the interactive website, call the OCS Help Line at 1-800-786-3214.

Wage Withholding

Wage withholding is the single most effective means of collecting child support payments. Most child support orders issued in Vermont today require wage withholding as the method of paying support. The withholding process begins when we or another state's child support agency sends you a document called *Income Withholding Summary for Employers*.

Legal Requirements

You may receive this notice by first class or certified mail or by fax. Sometimes, a non-custodial parent or employee will bring you a temporary notice to withhold wages. Upon receipt of a wage withholding notice, Vermont law requires you to begin withholding wages *within 10 business days or the next pay period*, whichever is later. You must remit subsequent payments *within 7 business days* of withholding them from the employee's wages.

We send payment coupons to you weekly. These coupons must be included to ensure payments are directed to the right family. We can also send you coupons based on your payroll frequency. If you want to receive coupons other than weekly, call 1-800-786-3214 and provide the date of your most recent payroll and its frequency.

To keep child support going to the family, you must inform us *within 10 days* if an employee terminates. Any information you can provide on the former employee's new employment is helpful.

The Uniform Interstate Family Support Act (UIFSA) requires employers to accept and process wage withholding orders sent directly to them from any state or U.S. Territory. This means you may occasionally receive notices from other states for the same children. If this happens:

1. Continue to honor the first notice you received;
2. Contact the agency that sent the latest withholding notice to tell them you are already withholding for the same children; and
3. Call the OCS Help Line if you have questions: 1-800-786-3214.

Limits on Withholding

The federal *Consumer Credit Protection Act* limits the amount you can withhold from an employee's wages to meet child support and other obligations. These limits are designed to protect a portion of the employee's earnings for living expenses. Mandatory deductions that must be made from an employee's paycheck include:

- Taxes (e.g., federal, state, local, FICA & Medicare);
- Unemployment & Workers' Compensation insurance; and
- State employee retirement and any additional deductions mandated by state law.

The income remaining after mandatory deductions is called *disposable income* and is available for withholding. Which withholding should be made next: back taxes, student loans, bankruptcy, or child support? *In almost all cases, child support must be paid first.*

When an employee works part-time, it may mean the employee is not earning enough to live on AND pay the child support obligation. The maximum allowable amount that may be withheld from the employee's wages to pay child support depends on two factors: 1) whether the employee has new dependents; and 2) whether the child support order issued by the court includes arrears (a periodic payment for past-due child support). The maximum percentages that may be withheld are:

For employees with new dependents:

- 50% if the order covers current support only
- 55% if the order also requires an arrears payment

For employees without new dependents:

- 60% if the order covers current support only
- 65% if the order also requires an arrears payment

While federal law allows for a maximum of 65% of disposable income to be withheld in certain circumstances, our policy is to ask you to remit 50% of an employee's disposable income when information about additional dependents is not available. Federal & state consumer protection limits may override instructions in the *Income Withholding Summary for Employers*.

Frequently-Asked Questions (Wage Withholding)

How soon do I remit wages withheld from my employee's paycheck? After the initial remittance, you need to remit withheld wages within seven (7) business days.

May I combine child support payments from several employees into one check? Yes, as long as you are remitting payments to one state agency and you enclose the OCS coupons, or you list the amount of payment for each individual employee including their Social Security numbers.

Where do I send payments? Send payments and coupons to: Office of Child Support, PO Box 1310, Williston, VT 05495.

May I recover the cost of withholding wages? Yes. Vermont law allows you to retain an additional \$5 per month, above court-ordered child support as compensation for administrative costs.

What if an employee tells me the court-ordered withholding is the wrong amount or not to withhold? Advise your employee to contact the appropriate state child support agency if he or she has a dispute about any element in the order. By law you must comply with the withholding notice as issued—until you are otherwise notified by a state child support agency. You may be liable for any wages that are not withheld.

Is there a maximum amount that may be withheld from an employee's paycheck? Yes. These limits are based on the *Consumer Credit Protection Act*. The withholding limits for child support and alimony are based on the disposable income of the employee. See page 7 for more information.

What if the employee no longer works for us? Vermont law states you are required to notify us within 10 days of the date the employee is terminated. This can be done by writing, calling, or entering that information on our website at www.dcf.vt.gov/ocs.

Is there an easier way to send withholdings? We offer *electronic funds transfer*, which allows you to submit specific information electronically. Call the OCS Help Line at 1-800-786-3214 to learn more.

Health Insurance Coverage

Many child support orders issued by the court include a provision for health insurance coverage for minor children. When health care coverage is required, the appropriate child support enforcement agency will send out a National Medical Support Notice (NMSN). It is designed to simplify the work required of employers and health plan administrators by providing uniform documents requesting health care coverage.

To ensure medical support obligations are met, state child support enforcement agencies have the authority to obtain information about the availability of dependent health insurance coverage and other employment benefits from both public and private employers.

Legal Requirements

If you offer dependent health insurance coverage, you are required to enroll your employees' children into these plans when notified an employee is court ordered to provide health insurance. This process usually begins when either a parent applies for the coverage or you receive a NMSN from us or another state child support agency. The notice may be delivered to you by first class or certified mail, fax, electronically via the website, or your employee.

Upon receipt of a medical support notice, Vermont law requires you to:

- Enroll any child who is otherwise eligible, regardless of any enrollment season restrictions;
- Keep enrollment for any child unless either the court order ends, the child is enrolled in comparable coverage, or you have eliminated dependent health coverage for all your employees (if allowed to by law); and
- Withhold from the employee's wages their share of premiums for health insurance coverage.

National Medical Support Notice (NMSN)

The NMSN has two parts:

1. Part A, and
2. Part B.

1. Part A of the NMSN:

Complete Part A if one of the following is true:

- The employer does not offer dependent care coverage;
- The employee is not eligible for health insurance;
- The employee is no longer employed by the employer; or
- There is not enough disposable income to cover the health care premiums or the cost is not reasonable.

If Part A is completed, return it to OCS. Otherwise, complete Part B.

2. Part B of the NMSN:

If the employee is eligible for health insurance, send Part B to the Health Plan Administrator who must:

- Complete Part B;
- Return it to OCS;
- Enroll the children in the existing health insurance plan, unless there is more than one option available; and
- Notify you of the correct amount to withhold for the health insurance premiums.

Children must be enrolled within 10 days of receiving notice of the health insurance requirement.

Frequently-Asked Questions (Health Coverage)

What should I do if an employee is no longer eligible for employer-sponsored health insurance? If the employee had coverage for the children and is no longer eligible (i.e. the employee is terminated or is now part-time), the employee and children may be eligible for COBRA coverage. However, any dependents who were not covered by the original benefits would not be eligible for COBRA coverage. If no other coverage is available and the employee and his or her dependents are no longer eligible for coverage, you should complete Part A of the NMSN and return it to us.

How soon must I enroll children in the health insurance plan?

You must enroll the children within 10 days of receiving notice of the health insurance requirement, by sending Part B of the NMSN to the Health Plan Administrator. If delayed, Vermont law states that you may be held liable for a child's medical expenses that would have been covered had a notice been sent to an insurer within the timeframes outlined by law.

Does the NMSN apply to employment unions who provide coverage to members? Yes. If you receive a NMSN for an employee who is a union member, forward it to the union.

What if an employee reports the children are enrolled in the custodial parent's health insurance plan? You are required by law to provide health insurance coverage for the employee's dependents, regardless of other coverage being provided. Employees may contact us with their concerns.

What if an employee no longer makes enough money to continue employer-sponsored health insurance coverage? If you cannot withhold the health insurance premiums from an employee's pay, it is the employee's responsibility to pay the premiums. If the employee cannot pay the premiums, he or she should contact us to seek modification of the court order.

Are medical support premium deductions subject to the Consumer Credit Protection Act limits? If the employee voluntarily provides coverage, these limits do not apply. If you receive a NMSN to provide coverage, the NMSN is similar to wage withholding and therefore subject to these limits.

What if the children do not live in the insurer's service area? Your responsibility under the NMSN is the same regardless of where the children live. Employees may contact us regarding this requirement if they have questions.

What if the employee reports the children are enrolled in Medicaid or other state-sponsored insurance programs? Your responsibility under the NMSN is not affected by the children's enrollment in Medicaid or other state-sponsored insurance programs.

If the employee gets workers' compensation, unemployment compensation, or is otherwise temporarily unemployed, what should I do? If the employee is not receiving wages from you, indicate this on Part A of the NMSN by checking Item #2 and attaching additional information related to the employee's status. Include information on where wages are being issued from, agency contact information, and claim numbers. If withholding under a NMSN is already in place, you should notify us if his or her status results in a lapse of coverage.

Does releasing health care information violate HIPAA? The Health Insurance Portability and Accountability Act Privacy Rule (45 CFR 164.512 (f)) permits a health plan to release information to a child support enforcement agency executing a NMSN, which constitutes a written administrative request.

Where can I get more information on health insurance requirements? Call the OCS Help Line at 1-800-786-3214 and talk to a Customer Service Representative. Employer requirements are also listed at the back of this handbook under *Vermont Laws*.

New Hire Reporting

Welfare reform legislation, enacted in 1996, strengthens measures to ensure children receive financial support. New hire reporting, an integral part of this legislation, is a process by which you report information on newly-hired employees to the Vermont Department of Labor. We match new hire reports against our child support records to locate parents, establish and enforce child and medical support orders, and establish paternity.

It is estimated that over 30% of child support cases involve non-custodial parents and children who live in different states. By matching new hire data against child support records at the national level, the Federal Office of Child Support Enforcement is able to help us locate non-custodial parents who are living in other states more quickly.

New hire reporting has resulted in significant increases in child support collections for children across the country, reductions in welfare payments, and millions of dollars saved in Medicaid and Food Stamps. It also benefits employers by reducing unemployment and workers' compensation fraud.

The Vermont Department of Labor can access new hire information to detect and prevent erroneous benefit payments. In addition, Vermont can conduct matches between the new hire database and other state programs to prevent unlawful or erroneous receipt of public assistance payments.

Legal Requirements

You must report the following information for all hired or rehired employees for whom you complete a W-4 form:

- Employer's name, address, & Federal Employer Identification Number;
- Employee's name, address, and Social Security Number; and
- The date the employee began working.

You must report this information within 10 days of the employee’s first date of actual employment—for an employee who has been hired or rehired. If you are submitting magnetic or electronic reports, two monthly transmissions must be done not less than 12 days or more than 16 days apart.

Reporting Methods

Internet	Go to www.labor.vermont.gov , click on “Businesses”, “New Hire Reporting” at the top-right, and then “New Hire Reporting Application”.
Magnetic Tape	Call the OCS Help Line at 1-800-786-3214 for data specifications.
Payroll Service	A payroll or accounting service may report new hires for you.
W-4 Form	After a new hire completes the W-4, fill in the required employer information on lines 8 and 10, and mail or fax the form to the Vermont Department of Labor at the address below.
Mail	Vermont Department of Labor-New Hire Reporting, 5 Green Mountain Drive, PO Box 488, Montpelier, VT 05601-0488
Fax	Vermont Department of Labor at (802) 828-4286
Phone	OCS Help Line at 1-800-786-3214

Frequently-Asked Questions (New-Hire Reporting)

Who must report new hires? Federal legislation states that an “employer” for new hire reporting purposes is the same as for federal income tax purposes (as defined by Section 3401 (d) of the Internal Revenue Code of 1986) and includes any governmental entity or labor organization. At a minimum, in any case where the employer is required to give an individual a W-4 form, the employer must meet the new hire reporting requirements.

What if we have employees in more than one state?

If you have employees in more than one state (multi-state) AND report new hires either magnetically or via the Internet, you may designate one state in which you have employees to which all new hires may be reported. If you choose this option, you must identify your reporting state in writing to the federal government. For a multi-state reporting form, call us at 1-800-786-3214, call the Multi-State Employer Register at (410) 277-9470, or download the form at <http://www.acf.hhs.gov/programs/css/resource/multistate-employer-registration-form-instructions>.

Send the completed form to: Secretary of Health and Human Services, DHHS, Office of Child Support Enforcement, Multi-state Employer Register, Box 509, Randallstown, MD 21133.

This option is not available to payroll service companies reporting on behalf of their customers.

Isn't the quarterly wage information that I already report enough to satisfy this requirement? No. Because some non-custodial parents change jobs frequently, quarterly data is often outdated before we receive the information. Often, employees located through quarterly data have relocated or are no longer working and wage withholding cannot be initiated. With new hire reporting, the data is available within a significantly shorter time period and is therefore more up to date.

What is the “date of hire” considered to be? The “date of hire” is the first day services are performed for wages by an individual for an employer.

What if an employee is hired, but does not actually start working within the 10 days of hiring them? Delay reporting until the employee actually begins working. The report of hire must be made within 10 days of the first day services are actually performed.

If I lay off and then rehire an employee, or an employee returns after a leave of absence, do I need to send in another new hire report? If the employee returning to work is required to complete a W-4 form, you must report the individual; however, if the returning employee had not been formally terminated or removed from payroll records, there is no need to report that individual.

Does a temporary employment agency need to report a new hire for each individual placed by the agency? If your agency is paying wages to the individual, you must submit a new hire report. The individual needs to be reported only once, unless there is a break in service from your agency and a new W-4 form is required. If your agency simply refers individuals for employment and does not pay salaries, new hire reports are not necessary.

Do I need to submit a new hire report for independent contractors and subcontractors performing services? Federal policy states that if the work being performed is based on a contract rather than an employer/employee relationship, you are not required to submit a new hire report. However, the contractor is responsible for reporting his or her employees.

Here's an easy rule of thumb to help you remember when to report a new hire: if a W-4 is needed, you need to report.

Vermont Law

These excerpts refer to information in the handbook. You may access complete Vermont laws at www.vermontjudiciary.org.

Title 15

§780. Definitions

- (2) “Employer” means any employer or payor of wages of any type to the obligor.
- (7) “Support order” means any judgment, order or contract for support enforceable in this state, including, but not limited to, orders issued pursuant to 15 V.S.A. chapters 5 (relating to desertion and support and parentage), 7 (relating to URESA) or 11 (relating to annulment and divorce).
- (8) “Wage withholding order” means a transfer from the obligor to the obligee of the right to receive a portion of the obligor’s wages directly from the obligor’s employer.
- (9) “Wages” means any compensation paid or payable for personal services, whether designated as wages, salary, commission, bonuses or otherwise, and shall include periodic payments under pension or retirement programs, workers’ compensation or insurance policies of any type.

§781. Withholding wages upon issuance or modification of support order. All orders for child support made or modified on or after July 1, 1990 shall include an order for immediate wage withholding in an amount equal to the support obligation and any obligation to pay support arrearages, unless the court finds good cause not to order immediate wage withholding or the parties have entered into an alternative arrangement by written agreement which is affirmatively stated in the order.

§785. Wage withholding orders

- (b) A wage withholding order shall require an employer to withhold a periodic amount of child support up to the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. §1673(b)). All wage withholdings shall be made payable to the registry.

§787. Employer's responsibility; compensation

- (a) Upon receipt of notice of wage withholding under this chapter or under a similar law of another state, an employer shall:
 - (1) Withhold from the wages paid to the obligor the periodic support amount specified in the order for each wage period;
 - (2) Within seven working days after wages are withheld, forward the withheld wages to the registry and specify the date the support was withheld from wages;
 - (3) Retain a record of all withheld wages;
 - (4) Cease withholding wages upon notice from the court or the registry; and
 - (5) Notify the registry within 10 days of the date the obligor's employment is terminated.
- (b) In addition to the amounts withheld pursuant to this subchapter, the employer may retain not more than \$5.00 per month from the obligor's wages as compensation for administrative costs incurred.
- (c) Any employer who fails to withhold wages pursuant to a wage withholding order within 10 working days of receiving actual notice or upon the next payment of wages to the obligor, whichever is later, shall be liable to the obligee in the amount of the wages required to be withheld.
- (d) The employer may combine amounts withheld from the wages of more than one employee in a single payment to the registry, listing separately the amount of the payment which is attributable to each individual employee.
- (e) An employer shall only withhold wages from the nonexempt portion of the obligor's wages as defined under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. §1673(b)).
- (f) An employer who makes an error in the amount of wages withheld shall not be held liable if the error was made in good faith.
- (g) On the Office of Child Support's request, the employer shall furnish the Social Security number and wages of any employee.

§789. Wage withholding exemptions; priorities and limitations

- (b) A wage withholding order under this chapter shall have priority over other legal process against the same wages and shall be at least in the amount of the current support order. A wage withholding order for a current support obligation shall have priority over periodic payments to be applied to unpaid support arrearages, but shall not preclude withholding for both. No withholding for an arrearage may occur unless there is available income which is not exempt under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. §673(b)).
- (c) Wage withholding shall cease upon the termination of the obligation to pay current support or upon the repayment of all arrearages, whichever is later.
- (e) If arrearages exist after termination of the obligation to pay support, the amount withheld shall not be reduced until all arrearages are paid in full.

§790. Employee protected; penalty.

- (a) No employee may be discharged from employment or subjected to disciplinary action on account of a wage withholding order issued to an employer against earnings. Any employee discharged or subjected to disciplinary action in violation of this section may bring an action in superior court for reinstatement of employment, back wages and damages and, if that employee prevails, the court shall award costs and may award reasonable attorney's fees to the employee.
- (b) An employer who discharges or subjects an employee to disciplinary action in violation of this section shall be subject to a fine of \$100.00.

Title 15B

§502. Employer's compliance with income withholding order of another state

- (a) Upon receipt of an income withholding order, the obligor's employer shall immediately provide a copy of the order to the obligor.

- (b) The employer shall treat an income withholding order issued in another state which appears regular on its face as if it had been issued by a tribunal of this state.
- (c) Except as otherwise provided in subsection (d) of this section and section 503 of this title, the employer shall withhold and distribute the funds as directed in the withholding order by complying with terms of the order which specify:
 - (1) The duration and amount of periodic payments of current child support, stated as a sum certain;
 - (2) The person or agency designated to receive payments and the address to which the payments are to be forwarded;
 - (3) Medical support, whether in the form of periodic cash payment, stated as a sum certain, or ordering the obligor to provide health insurance coverage for the child under a policy available through the obligor's employment.
- (d) The employer shall comply with the law of the state of the obligor's principal place of employment for withholding from income with respect to:
 - (1) The employer's fee for processing an income withholding order;
 - (2) The maximum amount permitted to be withheld from the obligor's income; and
 - (3) The time periods within which the employer must implement the withholding order and forward the child support payment.

§503. Compliance with multiple income withholding orders

If the obligor's employer receives multiple income withholding orders with respect to the earnings of the same obligor, the employer satisfies the terms of the multiple orders if the employer complies with the law of the state of the obligor's principal place of employment to establish the priorities for withholding and allocating income withheld for multiple child support obligees.

§505. Penalties for noncompliance

An employer who willfully fails to comply with an income withholding order issued by another state and received for enforcement is subject to the same penalties that may be imposed for noncompliance with an order issued by a tribunal of this state.

Title 33

§4110. Employer obligations

(a) Where a parent is required by a court or administrative order to provide health coverage for a child, and the parent is eligible for dependent health coverage, which is available through an employer doing business in this state, the employer is required:

- (1) To enroll under dependent coverage any child who is otherwise eligible for coverage without regard to any enrollment season restrictions or any seasonal restrictions on switching from one plan to another upon application of either parent, by the state agency administering the Medicaid program, by any state agency administering health benefits or a health benefit plan for which Medicaid is a source of funding, or the child support enforcement program.
- (2) Not to disenroll or eliminate coverage of any such child unless the employer is provided satisfactory written evidence that:
 - (A) The court order is no longer in effect;
 - (B) The child is or will be enrolled in comparable coverage which will take effect no later than the effective date of disenrollment;
 - (C) The employer has eliminated dependent health coverage for all of its employees if allowed by law.
- (3) To withhold from the employee's compensation the employee's share (if any) of premiums for health coverage and to pay this amount to the insurer. Any employer failing to withhold as required under this subdivision shall be liable for any premiums not withheld and paid over to the insurer.

- (4) To send written notice to the insurer within 10 days of receipt of a notice under subsection 663(d) of Title 15. The employer shall be liable for any child medical expenses that would have been covered under the employer's health plan had notice been given to the insurer according to this section.
- (5) Notice to the employer under subsection 663(d) of Title 15, if given by first class mail, postage prepaid, or by any other method showing actual receipt, shall be presumptive evidence of its receipt by the employer to whom it is addressed. Any period of time which is determined under this section by the giving of such notice shall commence to run from the date of mailing if the notice is mailed, or the date of actual receipt if another method of transmitting the notice is used.
- (b) Effective October 1, 1998, all employers in the state of Vermont shall report all new hires to the department of labor, and reported information will be shared with the office of child support for the purpose of expediting compliance with court ordered wage withholding orders, and location of payers or parents with an obligation to provide parental contact.
 - (1) Employers shall report new hires within 10 calendar days of the first date of employment for a new employee.
 - (2) Employers shall report the following data elements to the department of labor: newly hired employee's name, address, first date of employment, Social Security number, and the employer's name, address and federal identification number.
 - (3) Employers shall report the required new hire data elements electronically, when practicable, or on a form supplied or approved by the department of labor. Forms may be transmitted by fax transmission, first class mail, magnetic tape, electronically, or inputting data elements via the telephone.
 - (4) If the failure to report is the result of collusion between employer and employee, the employer shall be liable to the obligee in the amount of the wages required to be withheld but not more than \$500.00.

Federal Law

Title 45 of the Code of Federal Regulations contains language directing states in administering wage withholding and the National Medical Support Notice.

303.100 Procedures for Income Withholding

(a) General withholding requirements.

- (1) The State must ensure that in the case of each non-custodial parent against whom a support order is or has been issued or modified in the State, and is being enforced under the State plan, so much of his or her income as defined in sections 466(b)(1) and (8) of the Act must be withheld, in accordance with this section, as is necessary to comply with the order.
- (2) In addition to the amount to be withheld to pay the current month's obligation, the amount to be withheld must include an amount to be applied toward liquidation of overdue support.
- (3) The total amount to be withheld under paragraphs (a)(1), (a)(2) and, if applicable, (f)(1)(iii) of this section may not exceed the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. § 1673(b)).
- (5) If there is more than one notice for withholding against a single non-custodial parent, the State must allocate amounts available for withholding giving priority to current support up to the limits imposed under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. § 1673(b)). The State must establish procedures for allocation of support among families, but in no case shall the allocation result in a withholding for one of the support obligations not being implemented.
- (6) The withholding must be carried out in full compliance with all procedural due process requirements of the State.

- (7) The State must have procedures for promptly terminating withholding:
- (i) In all cases, when there is no longer a current order for support and all arrearages have been satisfied; or,
 - (ii) At State option, when the non-custodial parent requests termination and withholding has not been terminated previously and subsequently initiated, and the non-custodial parent meets the conditions for an alternative arrangement set forth under paragraph (b)(3) of this section.
- (8) The State must have procedures for promptly refunding to non-custodial parents amounts which have been improperly withheld.
- (e) Notice to the employer for immediate and initiated withholding. To initiate withholding, the State must send the non-custodial parent's employer a notice using the standard Federal format which includes the following:
- (i) The amount to be withheld from the non-custodial parent's wages, and a statement that the amount actually withheld for support and other purposes, including the fee specified under paragraph (e)(1)(iii) of this section, may not be in excess of the maximum amounts permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. § 1673(b));
 - (ii) That the employer must send the amount to the SDU within 7 business days of the date the non-custodial parent is paid, and must report to the SDU the date on which the amount was withheld from the non-custodial parent's income;
 - (iii) That, in addition to the amount withheld for support, the employer may deduct a fee established by the State for administrative costs incurred for each withholding, if the state permits a fee to be deducted;
 - (iv) That the withholding is binding upon the employer until further notice by the State;

- (v) That the employer is subject to a fine to be determined under State law for discharging a non-custodial parent from employment, refusing to employ, or taking disciplinary action against any non-custodial parent because of the withholding;
- (vi) That, if the employer fails to withhold income in accordance with the provisions of the notice, the employer is liable for the accumulated amount the employer should have withheld from the non-custodial parent's income;
- (vii) That the withholding under this section shall have priority over any other legal process under State law against the same income;
- (viii) That the employer may combine withheld amounts from non-custodial parents' income in a single payment to each appropriate agency requesting withholding and separately identify the portion of the single payment which is attributable to each individual non-custodial parent;
- (ix) That the employer must withhold from the non-custodial parent's income the amount specified in the notice and pay such amount to the State disbursement unit within 7 business days after the date the income would have been paid to the non-custodial parent;
- (x) That the employer must notify the State promptly when the non-custodial parent terminates employment and provide the non-custodial parent's last known address and the name and address of the non-custodial parent's new employer, if known.

303.32 National Medical Support Notice

- (c) Mandatory procedures. The State must have in effect and use procedures under which:
- 1) The State agency must use the NMSN to transfer notice of the provision for health care coverage of the child(ren) to employers.
 - 2) The State agency must transfer the NMSN to the employer within two business days after the date of entry of an employee who is an obligor in a IV-D case in the State Directory of New Hires.
 - 3) Employers must transfer the NMSN to the appropriate group health plan providing any such health care coverage for which the child(ren) is eligible...within twenty business days after the date of the NMSN.
 - 4) Employers must withhold any obligation of the employee for employee contributions necessary for coverage of the child(ren) and send any amount withheld directly to the plan.
 - 6) Employers must notify the State agency promptly whenever the non-custodial parent's employment is terminated.
 - 7) The State agency must promptly notify the employer when there is no longer a current order for medical support in effect for which the IV-D agency is responsible.

Vermont Office of Child Support

Quick Reference Guide

Wage Withholding

What	When you withhold court-ordered child support payments from an employee's wages.
When	<p>The process begins when you receive an <i>Income Withholding Summary for Employers</i>.</p> <ul style="list-style-type: none"> • Begin withholding wages within 10 days or the next pay period, whichever is later; and • Remit subsequent payments within 7 business days.
Where	Send payments and coupons to: Vermont Office of Child Support, PO Box 1310, Williston, VT 05495.
How	Payments may be made by check or Electronic Funds Transfer (EFT). Call 1-800-786-3214 for more information.

Health Insurance

What	Many child support orders include provisions for health insurance coverage for minor children.
When	Begins when you receive a <i>National Medical Support Notice (NMSN)</i> from a state child support agency.
Where	<ul style="list-style-type: none"> • If you complete Part A, send it to: Vermont Office of Child Support, Customer Service Unit, 103 S. Main Street, Waterbury, VT 05671-1901. • If the Health Plan Administrator completes Part B, he or she returns it to OCS at the address above and enrolls the children in the health insurance plan.
How	Call the OCS Help Line at 1-800-786-3214 if you have questions.

New Hire Reporting

What	<p>For all hired or rehired employees for whom you complete a W-4 form, report the:</p> <ul style="list-style-type: none"> • Employer's name, address, & Federal Employer Identification Number; and • Employee's name, address, Social Security Number, and date the employee began working.
When	Within 10 days of the employee's first date of actual employment.
Where	VDOL-New Hire Reporting, PO Box 488, Montpelier, VT 05601-0488, Fax: (802) 828-4286, http://labor.vermont.gov
How	<ul style="list-style-type: none"> • Internet • Magnetic tape • Payroll service • W-4 form • Mail, fax, phone

Employee Terminations

What	When an employee is laid off, discharged, or quits, report the date of termination and the new employer if known.
When	Within 10 days of the date the employee leaves your employment.
Where	Report terminations to the child support agency you are paying. OCS coupons include a space to report this information.
How	<p>By phone, mail, or on the OCS website: http://dcf.vermont.gov/ocs/employers</p>

OCS Help Line: 1-800-786-3214 Website: www.dcf.vt.gov/ocs

Vermont Office of Child Support

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